Press Information

Hertz

FOR IMMEDIATE RELEASE, Aug. 17, 1987 CONTACT:Leigh Smith (212)980-2353

Rental Cars Jump 20%....

1986 LEASE-RENTAL INDUSTRY REVENUES
SOAR 23.4% TO $64.626 BILLION RECORD

Lease-rental motor vehicle industry 1986 revenues soared to a record $64.626 billion,23.4% over 1985's $52.368 billion and total units in service advanced 7.1% to a new high of of 7,199,000 from 1985's 6,719,000, according to The Hertz Corporation's annual estimate issued today.

Aiding the increases were an 11.8% boost in the number of rental cars on the road and a 20.3% jump in their revenues over 1985, the study showed.

New cars and trucks entering lease-rental service rose 4% to 2,093,000 in '86 from 2,013,000 in '85. But new units last year were 8.3% below the '78 record of 2,284,000, the company's latest survey noted, because businesses, like individuals, are still keeping vehicles longer.

Today's report shows the 1986 average lease-rental vehicle age — or "holding time" — edged down to 3.13 years from 1985's 3.33 years. Both are far above the 2.45-year average in 1972, the last year before the first Arab oil embargo. Average age of the nation's total 176.4 million vehicles on the road was 7.73 years in '86, according to industry data.

"Over the 15 years, users of most cars and trucks have been keeping vehicles longer, and those who lease and rent have not been exceptions," the Hertz reportsaid.

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Average annual mileage run by lease-rental units slipped7.5% from an estimated 26,228 in 1985 to 24,242 in 1986. The '85 mileage averaged by ALL U.S. units was 10,126, 4.7% above the 9,675 average run in 1985.

Sales of All'Non-Personal' Units Rise

The report estimated TOTAL cars in non-personal service — so-called "fleet" models, and both lease/rental AND owned vehicles — were up 2.4% to 12,955,000 units from 1986's 12,656,000 and eclipsing the previous 1981 high of 12,900,000. "Non-personal" driving includes all business travel

Sales of all new "non-personal" cars rose 4.5% from 5,145,000 in 1985 to a record 5,374,000 last year. This compares with a10% rise in overall 1986 new car sales to 11,134,000 units vs. 10,118,000 in 1985. The figures indicate that import cars for personal came to 39% of total sales.

Import Share Slips

The new Hertz study also shows import makes accounted for 7.1% of non-personal car sales in '86, down from 11.6 in '85. but under '81's record 13.2%. Earlier, the "fleet" import share was 7.8% in 1978 and 3.7% in 1972.

The Hertz figures for "non-personal" units include what Detroit terms "fleet" sales — deliveries to organizations buying 10 or more units a year — PLUS sales to individuals driving more than 50% for busines, and to smaller business and government groups purchasing four to 10 vehicles annually.

While total lease-rental and "fleet" cars in service remain under-10% of the 131.66 million passenger cars on the nation's roads, the ratio of new non-personal sales to all new auto sales has been 40-60% in the past 20 years. It was 48.2% in '86, 42.5 in '85 ans 54.4% in '75.

The share of new lease-rental vehicle sales to total new car and truck sales has grown from under 1% in 1950 to 13% last year.

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Here is a breakout of the Hertz estimates for key segments of the business for 1986, 1985 and 1976:

	1986	1985	1975
CAR RENTAL			
Units In Service:	766,000	685,000	373,000
Revenues:	$6,532,000,000	$5,431,000,000	$1,649,000,000
CAR LEASING			
Units In Service:	4,971,000	4,854,000	3,745,000
Revenues:	$35,510,000,000	$32,082,000,000	$10,636,000,000
(Individual Car leases:	1,800,000	1,665,000	1,217,000)
TRUCK RENTAL			
Units In Service:	235,000	226,000	155,000
Revenues:	$ 4,688,000,000	$3,825,000,000	$1,153,000,000
TRUCK LEASING			
Units in Service:	1,227,000	954,000	765,000
Revenues:	$17,896,000,000	$11,010,000,000	$4,108,000,000

The report said these figures may be conservative, since many new and used car & truck dealers have entered the lease-rental business, adding to industry totals.

"Rentals" are defined as transient daily, weekly or monthly use, generally for less than six months." Leasing" refers to longer contracts, usually from one to five years for cars and one to eight years for trucks. Rental cars are normally kept 9 to 18 months, lease cars 12-48 months.

Hertz estimates lease-rental cars and trucks, which were 3.2% of the total of 176.4 million units on the road last year, rolled about 199.5 billion miles, some 112% of the 1.78 trillion miles run by all cars and trucks last year. In 1985, 170.6 million vehicles rolled 190.6 billion miles, or 11.6% of the 1.78 trillion miles run by all motor vehicles.

First 35 Years The Slowest

Although the car and truck renting business began more than 65 years ago when the motor vehicle business itself was still young, lease-rental did not begin its current growth pattern until the 1950s.

By the mid-point of the 20th-century, only 82,000 lease-rental vehicles were in service, about 50,000 of them trucks—most short-haul delivery vans. This total amounted to less than 2/10ths of 1% of the nearly 50 million cars and trucks then on U.S. roads.

Lease rental revenues in 1950 were less than $120 million, almost $90 million in truck receipts, according to a review of U.S. motor vehicle use and costs prepared by Hertz. Lease-rental vehicle mileage of 1.6 billion was just 4/10ths of 1% of the 364 billion miles all cars and trucks ran that year.

Some 20,000 Firms Lease, Rent Vehicles

Some place the number of firms in car or truck leasing or renting as high as 20,000 — ranging from automobile dealers who rent or lease a handful of vehicles each, to banks and retail chains specializing in fleet leases.

A variety of lease and rental contracts are written to meet wide customer needs. Under the most basic so-called "open-end" or "finance" lease, for example, a lessee — customer — assumes any gain or loss when a unit is sold at the lease's end. Most other agreements are simply options on, or variations of, the basic lease. With a "closed end" contract, for instance, the lessor — leasing company — is responsible for any profit or loss.

In addition, Hertz and other rental companies now dispose of many of their units through sales to retail customers at showrooms and lots in key cities across the nation, a practice Hertz introduced in 1970.

Industry officials foresee continuing growth of the business. If past advance rates continue, volume would be in the $70-90 billion range by 1990.

Hertz states: "Car and truck lease-rental volume has been growing for two decades at rates higher than for new car and truck growth generally. We believe future growth will reflect our efforts as it has in the past."

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TABLE IA Hertz Corp. 7/87

HERTZ ESTIMATES OF LEASE-RENTAL INDUSTRY UNITS & OTHER 'FLEET*' VEHICLES

Units=Thousands
Revs.=Millions 1950-1986 ('50-'73)
Gals./Miles=Billions

Total In Service	1950 Car	1950 Truck	1950 Total	1960 Car	1960 Truck	1960 Total	1973 Car	1973 Truck	1973 Total
Rental Units	17	9	26	112	45	157	364	162	526
Rental Revs.	22	19	41	216	142	358	1171	829	2000
Lease Units	16	40	56	524	207	731	3227	688	3915
Lease Revs.	8	69	77	483	519	1002	6128	2894	9022
S/T L/R Units	33	49	82	636	252	888	3581	850	4431
S/T L/R Revs.	30	88	118	699	661	1360	7229	3723	10952
Lease Cars									
-'Fleet'*Units	16			449			2233		
-Individ.Units	—			75			994		
Lease Trucks									
- Full Service		36			145			361	
- Finance		14			62			327	
NEW Units Into:									
- L/R Service	12	9	21	242	53	295	1744	204	1948
- All Uses	6300	1100	7400	7100	900	8000	11376	3029	14405
% L/R to Total	0.002	0.008	0.003	0.034	0.059	0.037	0.153	0.067	0.135
Vehicles On Road (Millions)	40.3	8.8	49.2	61.6	12.2	73.8	101.8	23.7	125.5
Fuel Used By:									
- L/R Vehicles	0.03	0.12	0.15	0.83	0.76	1.59	5.98	3.43	9.41
- All C & T	25.2	10.3	35.5	41.2	16.7	57.9	74.9	30.4	105.3
Mileage Run By									
- L/R Units	0.5	1.1	1.6	11.9	5.9	17.8	77.7	29.5	107.2
- All Units	364	94	458	588	131	719	977	260	1237
All'Fleet'*Cars									
On Road(Mls.)	4.876			7.453			11.589		
Miles Trvld.	62.3			100.6			157.4		

*Fleet = Vehicles in non-personal business, government, non-profit, lease-rental etc. service, more than 50%, whether registered to companies or individuals. Imports include units assembled here by foreign firms.

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HERTZ ESTIMATES OF LEASE-RENTAL INDUSTRY & OTHER FLEET* UNITS

Units=Thousands
Revs.=Millions
Gals./Miles=Billions

TABLE IB 1976-1982

Total In Service	1976 Car	1976 Truck	1976 Total	1981 Car	1981 Truck	1981 Total	1982 Car	1982 Truck	1982 Total
Rental Units	373	155	528	512	193	705	505	188	693
Rental Revs.	1649	1153	2802	3349	2606	5955	3582	2677	6259
Lease Units	3745	765	4510	4556	848	5404	4497	856	5353
Lease Revs.	10636	4108	14744	21236	8300	29536	22322	8581	30903
S/T L/R Units	4118	920	5038	5068	1041	6109	5002	1044	6046
S/T L/R Revs.	12285	5261	17546	24585	10906	35491	25904	11258	37162
Lease Cars									
-'Fleet'*Units	2358			2843			2852		
-Individ.Units	1217			1713			1645		
Lease Trucks									
- Full Service		354			330			322	
- Finance		411			518			534	
NEW Units Into:									
- L/R Service	1808	227	2035	1743	183	1926	1570	201	1771
- All Uses	9754	3058	12812	8444	2185	10629	7754	2430	10185
% L/R to Total	0.185	0.074	0.159	0.206	0.084	0.181	0.202	0.083	0.174
Vehicles On Road (Millions)	109.7	27.6	137.3	122.0	36.1	158.1	123.2	37.0	160.2
Fuel Used By:									
- L/R Vehicles	6.01	3.73	9.74	5.24	4.04	9.28	4.90	4.16	9.06
- All C & T	74.4	33.1	107.5	66.1	39.1	105.7	65.8	41.2	107.0
Mileage Run By									
- L/R Units	87.2	33.9	121.1	98.3	39.6	138.0	101.9	40.4	142.3
- All Units	989	302	1291	986	383	1369	990	398	1388
All'Fleet'*Cars									
On Road(Mls.)	11.977			12.490			12.061		
Miles Trvld.	154.7			150.9			151.7		

*For definitions of "fleet" and "import" units, see Table IA 8/87

TABLE IC 8/86 lr856tblc.p86

HERTZ ESTIMATES OF LEASE-RENTAL INDUSTRY UNITS & OTHER 'FLEET' VEHICLES

Units=Thousands
Revs.=Millions 1950-86 ('85-'86)
Gals./Miles=Billions

Total In-Service	1985 Car	1985 Truck	1985 Total	1986 Car	1986 Truck	1986 Total	Percent Change Psg.Car 1985-6
Rental Units	685	226	911	766	235	1001	1.118
Rental Revs.	5431	3845	9276	6532	4688	11220	1.203
Lease Units	4854	954	5808	4971	1227	6198	1.024
Lease Revs.	32082	11010	43092	35510	17896	53406	1.107
S/T L/R Units	5539	1180	6719	5737	1462	7199	1.036
S/T L/R Revs.	37513	14855	52368	42042	22584	64626	1.121
Lease Cars							
-'Fleet'*Units	3054			2996			0.981
-Individ.Units	1800			1975			1.097
Lease Trucks							
- Full Service		337			432		1.282
- Finance		617			795		1.288
NEW Units (Thous.) Into:							
- L/R Service	1770	243	2013	1834	259	2093	1.036
- All Uses	10889	4675	15564	11139	4801	15940	1.023
% L/R to Total	0.163	0.052	0.129	0.165	0.054	0.131	
Vehicles On Road (Millions)	128.6	42.0	170.6	131.6	44.8	176.4	1.023
Fuel Used (B)By:							
- L/R Vehicles	6.99	4.94	11.93	7.82	5.34	13.16	1.118
- All C & T	70.3	46.1	116.4	73.7	46.9	120.6	1.048
Mileage Run (B)By							
- L/R Units	138.5	52.1	190.6	141.0	59.9	200.9	1.018
- All Units	1143	507	1650	1203	562	1765	1.052
All'Fleet'*Cars							
On Road(Mls.)	12.656			12.695			
/Miles Trvld.	203.4			204.1			

*"Fleet" and imported vehicles defined in IA.

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Hertz Corp 7/87

TABLE IIA

'FLEET' CAR SALES — NEW UNITS SOLD FOR NON-PERSONAL SERVICE
(Estimates in Millions of Vehicles)

	1950	1960	1973	1975	1978	1979	1980
# Domestic	1.476	2.481	4.532	4.494	4.401	4.302	3.784
# Import	0.0004	0.0030	0.2590	0.2510	0.3730	0.3860	0.5210
Import % Of 'Fleet' TOTAL	—	1.3	5.4	5.3	7.8	8.2	12.1
'FLEET'	1.476	2.484	4.791	4.745	4.774	4.704	4.305
% 'Fleet' To All P/C Sales	23.4	35.0	42.1	57.4	43.6	45.5	49.1
NEW CAR SALES TO INDIVIDUALS FOR PERSONAL USE							
# Domestic	4.819	4.114	5.056	2.263	4.599	3.678	2.508
# Import	0.005	0.507	1.529	1.254	1.573	1.953	1.948
TOTAL #	4.824	4.621	6.585	3.517	6.172	5.631	4.456
% Import To All Individual Sales	0.1	11.0	23.2	35.7	25.5	34.7	43.7
TOTAL NEW CAR SALES — INDIVIDUAL & 'FLEET' — DOMESTIC & IMPORT							
# Domestic	6.295	6.595	9.586	6.757	9.000	7.996	6.292
# Import	0.005	0.510	1.790	1.505	1.946	2.339	2.469
TOTAL #	6.300	7.105	11.376	8.262	10.946	10.335	8.761
% Import To TOTAL P/C SALES	0.2	7.0	15.7	18.2	17.8	22.6	28.1

"Fleet" Sales = All passenger cars used primarily for non-personal driving.
"Imports" include units made in USA by overseas companies.

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TABLE IIB 7/87

'FLEET' CAR SALES — NEW UNITS SOLD FOR NON-PERSONAL USE
(Hertz Corp. Estimates in Millions of Units)

	1981	1982	1983	1984	1985	1986	PERCENTAGE CHANGE 1985-6
# Domestic	3.475	3.252	3.848	4.501	4.550	4.997	1.098
# Import	0.528	0.463	0.496	0.484	0.595	0.377	0.634
Import % Of 'Fleet' TOTAL 'FLEET'	13.2	12.5	11.4	9.8	11.6	7.1	
	4.003	3.715	4.344	4.985	5.145	5.374	1.045
% 'Fleet' To All P/C Sales	47.4	47.9	48.7	49.3	47.2	48.2	
NEW CAR SALES TO INDIVIDUALS FOR PERSONAL USE							
# Domestic	2.537	2.209	2.619	3.094	3.327	3.339	1.004
# Import	1.904	1.830	2.457	2.039	2.417	2.426	1.004
TOTAL #	4.441	4.039	5.076	5.133	5.744	5.765	1.004
% Import To All Individual Sales	42.9	45.3	48.4	39.7	42.1	42.1	
TOTAL NEW CAR SALES — INDIVIDUAL & FLEET — DOMESTIC & IMPORT							
# Domestic	6.012	5.461	6.467	7.595	7.877	7.696	1.037
# Import	2.432	2.293	2.457	2.523	3.011	4.344	1.193
TOTAL #	8.444	7.754	8.924	10.118	10.889	11.140	1.076
% Import To TOTAL P/C SALES	28.8	29.6	27.5	24.9	27.7	39.0	

"Fleet" units are thosen driven primarily (50%+) for non-personal purposes. "Imports" include units made in the USA by overseas companies.

III ESTIMATED 1986 MILEAGE & FUEL BY PURPOSE & VEHICLE TYPE

Hertz Estimates REVISED 7/87

YEAR	NON-PLEASURE TRAVEL: *TRUCK <Truck & Psgr.Car> <Business Travel> Miles (Bls.)	*TRUCK Fuel Use (Bls. Gals.)	*PASSENGER CAR <Essential/ /Family Use/ Miles (Bls.)	*PASSENGER CAR Fuel Use (Bls. Gals.)	*PASSENGER CAR /+Commutation> Miles (Bls.)	*PASSENGER CAR Fuel Use (Bls. Gals.)	PLEASURE: <PassengerCar> <Pleasure Usage> Mile (Bls.	PLEASURE Fuel Use (Bls. Gals.)
1950	94.0	10.30	62.3	14.33	207.0	14.38	102.0	7.06	95.0	6.49
1960	131.0	16.70	100.6	7.03	334.0	23.36	170.0	11.87	153.0	10.81
1970	220.0	26.50	159.8	11.66	508.0	37.08	268.0	19.53	233.0	17.06
1971	232.0	28.00	164.6	12.01	549.0	40.07	287.0	20.98	241.0	17.42
1972	265.0	29.50	167.0	11.68	573.0	40.07	303.0	21.20	263.0	18.25
1973	260.0	30.40	157.4	12.11	561.0	43.15	297.0	22.88	259.0	19.64
1974	274.0	29.90	143.9	11.51	529.0	42.32	281.0	22.46	244.0	19.47
1975	270.0	29.70	148.2	11.31	553.0	42.21	294.0	22.42	254.0	19.68
1976	302.0	33.10	154.7	10.67	572.0	43.01	303.0	22.82	262.0	20.72
1977	338.0	36.70	161.1	10.39	630.0	45.99	323.0	23.58	258.0	20.22
1978	360.0	38.30	171.1	10.06	652.0	46.57	334.0	23.89	264.0	20.97
1979	371.0	38.60	166.7	9.26	658.0	45.89	324.0	22.70	229.0	18.05
1980	386.0	40.10	152.5	8.03	637.0	44.44	315.0	21.94	201.0	15.83
1981	383.0	39.10	150.9	7.82	636.0	43.47	314.0	21.42	199.0	15.31
1982	398.0	40.40	151.7	7.40	639.0	43.32	316.0	21.41	198.0	15.10
1983	423.1	41.64	191.4	8.95	582.1	38.50	360.2	23.82	262.2	19.21
1984	446.3	43.67	196.9	8.88	597.5	39.71	362.9	23.69	285.2	20.44
1985	506.8	46.10	203.4	8.82	632.8	37.87	364.6	22.88	307.2	25.02
1986	562.2	46.95	223.1	9.20	658.1	38.40	416.7	24.21	321.4	26.10

YEAR	SUB-TOTAL CARS Miles (Mls.)	SUB-TOTAL CARS Fuel Use (Bils. Gals.	ESTIMATED SUB-TOTAL NON-PLEASURE TRIPS CARS & TRUCK Bils. Gals.		ESTIMATED SUB-TOTAL PLEASURE TRIPS CARS & TRUCKS Mile (Bls	Fuel Use Bls. Gals.	GRAND TOTAL CARS & TRUCKS Miles (Els.	Fuel Use (Bils. Gals.)
1950	364.3	35.20	352.0	37.77	106.3	7.73	458.3	45.50
1960	587.6	41.20	549.9	45.09	168.7	12.81	718.6	57.90
1970	900.8	65.80	861.4	72.06	259.4	20.24	1120.8	92.30
1971	954.6	69.50	917.8	76.72	268.8	20.78	1186.6	97.50
1972	1003.0	70.00	973.2	77.71	294.8	21.79	1268.0	99.50
1973	977.4	74.90	947.2	82.01	290.2	23.29	1237.4	105.30
1974	916.9	73.30	914.0	80.14	276.9	23.06	1190.9	103.20
1975	955.2	73.20	938.8	79.66	286.4	23.24	1225.2	102.90
1976	988.7	74.40	992.5	82.81	298.2	24.69	1290.7	107.50
1977	1049.1	76.60	1088.5	88.68	298.6	24.62	1387.1	113.30
1978	1087.1	77.60	1139.9	90.33	307.2	25.57	1447.1	115.90
1979	1053.7	73.20	1151.2	89.12	273.5	22.68	1424.7	111.80
1980	990.5	68.30	1129.2	87.76	247.3	20.64	1376.5	108.40
1981	985.9	66.60	1123.9	85.70	245.0	20.00	1368.9	105.70
1982	988.7	65.82	1140.9	86.27	245.8	19.95	1386.7	106.22
1983	1035.7	66.66	1145.8	84.09	313.0	24.21	1458.8	108.30
1984	1079.6	69.03	1187.2	87.01	338.8	25.68	1525.9	112.70
1985	1143.4	70.29	1275.8	87.25	374.3	30.55	1650.2	116.39
1986	1202.6	73.70	1368.9	88.92	395.8	31.73	1764.7	119.94

NOTE: Commuting part of essential family use. * An estimated 13.25% of "Passenger-car" type travel actually done in small trucks in 1985.

The Hertz Corp. 5/87

TABLE IV

Hertz Estimates of
TOTAL NEW & USED CARS SOLD IN 1986 BY TYPE OF USE
(in millions of units)

	TOTAL Cars Sold			Cars N&U Sold for NON-Personal Use*			Cars N&U Sold for Personal Use		
	Numbers	Percentages: Down	Across	Numbers	Down	Across	Numbers	Down	Across
NEW CARS									
Domestic	7.696	0.691	1.0	3.271	0.862	0.425	4.425	0.547	0.575
Import	3.444	0.309	1.0	0.524	0.138	0.152	2.921	0.453	0.848
Sub-total New Cars	11.140	1.000		3.794	1.000		7.346	1.000	
Percentages		0.403	1.0			0.341			0.650
USED CARS									
Domestic	13.384	0.810	1.0	3.208	0.764	0.240	10.176	0.826	0.760
Import	3.140	0.190	1.0	0.993	0.236	0.316	2.147	0.174	0.684
Sub-total Used Cars	16.524	1.000		4.201	1.000		12.323	1.000	
Percentages		0.597	1.0			0.254			0.746
TOTALS	27.664	1.000	1.0	7.995		0.289	19.669		0.711

* The term "fleet" vehicle is normally defined by auto manufaacturers as a unit sold to an organization or group which acquires 10 or more motor vehicles each year; in addition to these "fleet" units, more units are sold to smaller organizations, and/or government groups and associations (and to individuals) which are used PRIMARILY (over 50%) for "business," rather than personal, driving . The above "NON-Personal" use figures reflect both such categories.